

**Cholamandalam Investment and Finance Company Limited**

CIN-L65993TN1978PLC007576

Registered Office: "Dare House", No.2, N.S.C. Bose Road, Parrys, Chennai - 600 001.

Phone: 044 4090 7172; Fax: 044 2534 6464;

E-mail ID: [investors@chola.murugappa.com](mailto:investors@chola.murugappa.com); Website: [www.cholamandalam.com](http://www.cholamandalam.com)

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**TRANSCRIPT OF THE PROCEEDINGS OF THE 44<sup>th</sup> ANNUAL GENERAL MEETING OF COMPANY  
HELD AT 4 P.M. ON FRIDAY, 29<sup>th</sup> JULY, 2022  
THROUGH VIDEO CONFERENCE**

**Participants:**

- |     |                          |   |                                     |
|-----|--------------------------|---|-------------------------------------|
| 1.  | Mr. Vellayan Subbiah     | - | Non-Executive Chairman              |
| 2.  | Mr. N Ramesh Rajan       | - | Independent Director                |
| 3.  | Mr. Anand Kumar          | - | Independent Director                |
| 4.  | Mr. Ashok Kumar Barat    | - | Independent Director                |
| 5.  | Mr. M A M Arunachalam    | - | Independent Director                |
| 6.  | Ms. Bhama Krishnamurthy  | - | Independent Director                |
| 7.  | Mr. Bharath Vasudevan    | - | Independent Director                |
| 8.  | Mr. Ravindra Kumar Kundu | - | Executive Director                  |
| 9.  | Mr. D Arul Selvan        | - | President & Chief Financial Officer |
| 10. | Ms. P Sujatha            | - | Company Secretary                   |
| 11. | Shareholders             |   |                                     |

**Welcome Address by Mr. Vellayan Subbiah, Non-Executive Chairman.**

Good afternoon, everybody. It gives me great pleasure to welcome all of you to the 44<sup>th</sup> Annual General Meeting of your company through video conference. I hope you and all your family members are safe and in good health.

As you are aware, in view of the continuing COVID concerns this year, the Ministry of corporate affairs and SEBI have allowed companies to hold the AGM through video conferencing and send the notice of AGM along with annual report to shareholders electronically for the financial year 2022. Accordingly, considering the health and safety of all members, the 44<sup>th</sup> AGM of the company is being conducted through video conference.

The company issued an advertisement informing shareholders to register their email addresses to enable the company to send these documents electronically to them. The notice for the AGM and the annual report for FY 21-22 has been sent through electronic mode to all the shareholders whose email addresses are registered with the registrar and transfer agents or depository participants further as per SEBI mandate. The company has sent physical copies of the annual report to those shareholders who have requested for the same.

The requisite quorum for the meeting is present. I now call the meeting to order.

May I now introduce the directors attending the meeting through video conference from their respective locations, Mr. Ramesh Rajan, Chairman of the Audit Committee. Mr. Ashok Kumar Barat, Chairman of

the Risk Management Committee and Mr. Bharat Vasudevan. May I now introduce the Board Members and senior personnel present with me at the Registered Office of the Company. Mr. Anand Kumar, Chairman of the Nomination and Remuneration Committee, Mr. M.A.M. Arunachalam, Chairman of the Stakeholders Relationship Committee, Ms. Bhama Krishnamurthy, Mr. Ravindra Kundu, Executive Director, Mr. Arul Selvan, Chief Financial Officer and Ms. P. Sujatha, Company Secretary. Mr. Rohan Verma is unable to participate in the meeting since he is unwell. Mr. A. J Shaikh, Partner representing M/s. Price Waterhouse LLP, Ms. Usha representing M/s. Sundaram & Srinivasan, Joint Statutory Auditors and Mr. Sridharan, Secretarial Auditor and Scrutinizer for the purpose of remote e voting and voting process at the AGM have also joined the meeting through video conference at the AGM.

As the AGM notice and the annual report for the financial year 2022 have already been circulated to all the shareholders with your permission, I wish to take the notice convening the meeting as read. Members seeking to inspect the Register of Directors, Key Managerial Personnel and their Shareholding, Register of Contracts or Arrangements in which the Directors are interested and the other documents mentioned in the notice, may contact the Company Secretary or send an email to [investors@chola.murugappa.com](mailto:investors@chola.murugappa.com).

The joint statutory auditors report on the financial statements of the Company for the year ended 31<sup>st</sup> March, 2022 does not have any qualifications or observations or comments or other remarks on financial transactions or matters as having any adverse effect on the functioning of the company. The secretarial auditor report for the year ended 31<sup>st</sup> March, 2022 also does not contain any qualifications or observations or comments or other remarks. Accordingly, the joint statutory auditors report and secretarial auditors report are not required to be read out at the meeting.

Ladies and gentlemen, FY 21 ended with hope that the COVID 19 pandemic was finally behind us. However, the 2<sup>nd</sup> wave of the pandemic affected the lives and jobs and millions of Indians in the 1<sup>st</sup> quarter of FY 22. To do this phase, Team Chola worked tirelessly to ensure the health and safety of our people and their families. Our learnings from the first wave enabled us to be nimble and alter 'ways of working' to ensure business continuity and a rapid return to normalcy. Despite the changing world order, driven primarily by the pandemic and the unstable geopolitical situation, I am pleased to inform you that the Company continues to grow, closing the year with the best ever dispersals collections and profitability in Q4 of FY 22.

Last year, we embarked on a journey to chalk-out Chola strategy for the next decade. We have successfully put in place the building blocks for the for the next phase of profitable growth, thereby making FY 22 the year of 'Expanding Horizons'. I would like to highlight a few of the key initiatives that we launched:

1. Ecosystem focus plan and well deliberated expansion across the SME and consumer ecosystems to three new business lines:
  - a. Consumer and Small Enterprise Loans focused on business loans, professional loans and personal loans.
  - b. Secured business and personal loans focus on secured business loan against self-occupied residential property or commercial cum residential property as collateral

- c. SME loans a wide suite of products including Supply Chain Finance financing, term loans for capex loan against shares funding and Hypothecation and machinery for specific industries, etc, to India's SMEs.
2. A strategic acquisition of a majority stake in Payswiff Technologies Private Limited, a payment solutions provider in India and a 16% stake in Paytail Commerce Private Limited, a Fintech focused on offline BNPL through bank brand partnerships,
3. Strengthened the tech infrastructure to enhance flexibility, modularity, security and scalability of our systems.
4. We also adopted '*Lean*' and '*Kaizen*' at an organization level, to drive process efficiencies and reduce risk across all businesses and functions.
5. And the last thing that we focused on is the development of Environmental, Social and Governance Framework, thereby enhancing our position as a responsible lender.

I will give you a brief overview on the industry. Despite the impact of the pandemic on the first quarter, most segments have shown positive recovery trends. The Government has taken multiple steps to help overall business sentiment.

In Vehicle Finance, the commercial vehicle industry grew by 26% in FY 22 due to factors like pent-up demand for light commercial vehicles, last mile connectivity of small commercial vehicles and low base effect of the previous year for heavy commercial vehicles.

- The Passenger Vehicle Segment (Cars and SUVs) had a growth of 14% in FY 22, supported by improved semiconductor supplies towards the end of the year, and increased demand for utility vehicles due to a shift in cost customer preferences.
- The two-wheeler industry grew by 11% in FY 22. This segment rebounded from the impact of the pandemic on rural demand.
- Used vehicle businesses contributed to 33% of disbursement volumes, and was the least impacted segment in FY 22, indicating a cautious approach by customers towards buying new vehicles due to the micro-economic environment.
- The Construction Equipment segment had a marginal growth of 8% in FY 22 due to increasing cost of equipment prices, muted rentals and monsoon related impairments, which impacted the road and construction sector.
- The Tractor industry had a minimal growth of 6% in FY 22, attributed by the huge base in FY 21, which was the ever all-time high for tractor sales in India.

In Loan Against Property, (LAP) portfolio across all NBFC's estimated to have grown by 3% in FY 22, with many players shifting their focus on non-lap in the second half of FY 22, driven primarily by normalizing of business activity.

Affordable housing across NBFC'S in HFCs is estimated to have grown at 13% to 14% in FY 22. The second wave hampered loan off taken in the first quarter. However, the second half of FY 22 witnessed recovery,

driven by pent-up demand and housing, assistance from state and central government schemes, increase in penetration by affordable HFCs in tier II and tier III cities, and a milder impact of the 3<sup>rd</sup> wave.

Terms of Chola as a company, the company achieved record disbursement in Q4 FY 22 of Rs.12,718 crores and overall disbursements of Rs.35,490 crores in FY 22, we achieved a business AUM growth of 10% year on year reaching Rs.76,907 crores, PBT stood at Rs.929 crores for the quarter and Rs.2891 crores for the year with the changing market conditions the regulators continue to be proactively issuing new controls to steer the economy towards growth. The RBI, in particular, has made significant changes to regulatory requirements in the NBFCs sector. I am happy to inform you that we have been very agile and responsive to these requirements across all areas including NPA recognition and provisioning methodologies.

Chola's well-structured asset liability matching and market risk management enabled us to get the best out of the soft interest regime supported by the RBI, with a cost of funds amongst the best in our peer group.

Your company's focus on CSR activities continue during the year. As in other years, we ensure that the budget was fully utilized, and all approved programmes were implemented effectively. We also participated in the efforts of the Government in providing support to the community during pandemic.

Our long-term outlook for the Indian economy continues to remain very bullish, driven by the changing geo-political scenario and the proactive steps taken by the Government to drive manufacturing in India. Chola's legacy and strong platform, coupled with the new initiatives gives us confidence to scale new heights and remain a relevant player in the country.

Our employees continue to be the greatest strength of Chola. As always, they have worked with extraordinary commitment during the last year. I express my gratitude to all of our employees and their families for their sustained support during these tough times. I would like to thank the Board for their guidance and support. I would also like to thank our customers, bankers, rating agencies and business partners for the continued trust and patronage.

On behalf of the Board of Directors of Chola, I wish to thank all of you for your continued trust, confidence and support in us.

Thank you!

#### **END OF CHAIRMAN'S SPEECH**

I wish to call upon Mr. Ravindra Kumar Kundu, Executive Director to share the performance highlights of the Company during the financial year 2022 and the quarter ended 30<sup>th</sup> June, 2022, as approved by the Board at its meeting held earlier today.

**Ravindra Kumar Kundu, Executive Director**

Good afternoon, everybody. First of all, I will take you through the highlights of the FY 22. The disbursement grew up by Rs.35,490 crores for the year and growth has been 36% year on year business asset under management grew by 10% at Rs.76,907 crores compared to Rs.69,996 crores in FY 21. Total income was at Rs.10,139 crores for the year, and it is up by 6% year on year. Profit After Tax was at Rs.2,147 crores for the year and it is gone up by 42% year on year. Return on equity was at 20.4% against the 16.9% in FY 21. In asset quality, stage 3 assets has stood at 4.4% which has significantly improved during the last year and with adequate provision coverage of 39.7%. During FY22, we have also added two new businesses - Consumer and Small Enterprises Loan and Secured Business and Personal Loan. We have also invested in two companies. We acquired Payswiff Technologies Private Limited and also invested in Paytail Commerce Private Limited to participate in the FinTech space.

On the standalone financials, the disbursement has gone up from Rs.26,000 crores to Rs.35,490 crores which is 36% of the growth, income went up by 6% to Rs.10,139 crores, finance cost improved by 6% and the operating expenses has gone up by 31% loan losses significantly improved by 36%. The Profit after tax is Rs.2,891 crores as against Rs.2,038 crores which is a 42% growth. The profit after tax has gone up by 42% to Rs.2,147 crores as against the Rs.1,515 crores. Let's move to the balance sheet, business asset grew from Rs.65,839 crores to Rs.74,149 crores which is a 13% growth and other asset Rs.8,709 crores has gone down to Rs.8,214 crores. The net worth has also gone up from Rs.9,560 crores to Rs.11,708 crores which had gone up by 22%. The borrowings have gone up by 9% and other liabilities has gone up by 18%. Total liability has gone up by 10% from Rs.74,548 crores to Rs.82,363 crores.

On Chola financial summary giving the trend of last five years, the disbursement CAGR growth is 9%, out of the total disbursement of Rs.35,490 crores for the financial year, Vehicle Finance has done Rs.25,439 crores and loan against property has done Rs.5,862 crores and home loan affordable housing finance Rs.1,571 crores a new business has contributed Rs.2,618 crores. The asset under management has achieved 16% CAGR in the last five years. The average total assets under management has been Rs.76,907 crores, of that vehicle finance is Rs.52,881 crores, loaning against property is Rs.17,115, home loans is Rs.5,269 crores and new business contributed Rs.1,642 crores.

We have achieved the profit after tax at 24% CAGR growth in last five years, and it has gone up to Rs.2,147 crores as against Rs.1,515 crores of last year and registered a 42% of growth over the last year in terms of networth, company has achieved 23% of CAGR growth in last five years. Our net worth is now Rs.11,708 crores as against Rs.9,560 crores growth over the last year, and we registered 22% growth over the previous year.

The return on equity has gone to 20.4% from 16.9% and earnings per share has gone up to Rs.26.2/- as against the Rs.18.5/- during the previous year.

The P/E ratio is at Rs.27.5/- as against the Rs.30.2/-. The price to book ratio is at Rs.5/- as against Rs.4.8/- the previous year.

In Q1 of this financial year, the disbursement has gone up to Rs.13,329 crores which is a 267% of growth, asset under management has gone up to Rs.86,703 crores as against Rs.75,763 crores which is a 14% growth over the same period last year and profit after tax has gone up to Rs.566 crores as against Rs.327

crores of the same quarter last year and we registered 73% growth over the Q1 of last year. Earnings per share has gone up by Rs.28/- as against Rs.16/- in Q1 last year and have registered 73% for the same period and book value per share has gone up to Rs.150/- as against Rs.151/- same quarter last year and therefore we achieved 24% growth. Similarly, in gross stage 3 significantly has come down over 6.8% of last year in Q1 to 4.2% in this financial year, and therefore we have improved our portfolio quality stage 3 by 39% and that's the presentation from my side on the Company performance.

Thank you very much.

**Chairman:** Thank you, Ravi.

We will now take up the resolutions as set forth in the notice of the meeting. Items number 1 to 4 set out as ordinary business and the notice of the meeting are as under:

Ordinary Resolution:

Item No.1: Adoption of standalone financial statements together with the board's report and the independent auditors report thereon the financial year ended 31<sup>st</sup> March, 2022.

Item No.2: Adoption of consolidated financial statements together with the independent auditors report thereon for the financial year ended 31<sup>st</sup> March, 2022.

Item No.3: To confirm the interim dividend paid and equity shares for the year ended 31<sup>st</sup> March, 2022 and declaration of the final dividend on the outstanding equity shares for the Company for the year ended 31<sup>st</sup> March, 2022.

Item No.4: Re-appointment of Mr. Vellayan Subbiah, director retiring by rotation.

Item numbers 5 to 7 set out a special business in the notice of the meeting are as under.

Special resolution:

Item No.5: increase in borrowing powers under Section 180(1)(c) of the Companies Act, 2013 up to a sum not exceeding Rs.1,10,000 crores.

Item No.6: Approval for commission payable to Mr. Vellayan Subbiah, non- executive chairman for financial year ended 31<sup>st</sup> March, 2022.

Item No.7: Approval for alteration in the Memorandum of Association for changes in the objects clause of the Company.

The Company has engaged the services of KFin Technologies Limited to provide the facility of remote e-voting to all of its members to cast their vote on all businesses contained in the notice. Voting right is available to the members and beneficial owners who hold shares in the company as of the cut-off date,

i.e., July 22, 2022. The electronic voting window was kept open from 9 a.m. on Tuesday, July 26, 2022 till 5 p.m. on Thursday, July 28, 2022. Thereafter, the remote e-voting facility was disabled by KFin.

Members who have not cast their vote through remote voting may cast their vote through the voting facility provided at the meeting. The e-voting window will now be activated for allowing the members to cast their vote. Members are requested to refer to page 7 to 10 of the AGM notice for instructions on E-voting during the meeting. We now move to the question and answer session. The annual report for the year ended 31<sup>st</sup> March, 2022 has been with you for some time now. The company had provided an opportunity to shareholders to post their queries and also to register themselves as speakers if they wish to speak at the meeting. Six speakers have registered to speak at the meeting. None of the shareholders have posted their queries or questions through the KFin platform.

May I now request the moderator to facilitate the registered speakers to speak or raise clarifications regarding the accounts and operations of the Company during the year 2021-22. Members are requested to keep their questions and comments brief and specific and not to repeat the questions already raised. I suggest that members confine their questions on the company's operations and the annual accounts and make such remarks as pertinent to the performance and refrain from making any personal remarks in the interest of time and with a view to give adequate opportunity to all, I requests members to be judicious in time and take up to five minutes per member to express their views and also put forth questions that are only relevant to the business the meeting. Members may also note that the company reserves the right to limit the number of members asking questions depending on the availability of time. After all the questions are tabulated. I shall be pleased to answer the same or have them answered to the extent that the same is not prejudicial to the interests of the Company.

#### **QUESTION AND ANSWER SESSION**

Names of the Shareholders have been called out by the Moderator in seriatim:

1. Mr. Abhishek Jain – Not available

2. Mr. Kirti Shah - Not available

3. Mr. Aspi Bamanshaw Bhesania

I liked your comment on Believe in India Believe in Chola. I am pleased that Mr. Rohan Verma is our director, he can map 'My Chola'.

Why are we not into gold loans? We are mainly into vehicle loan finance where NPAs are there.

1<sup>st</sup> quarter was very good. But impairment of Rs.300 crores is brought profit down. Is our balance sheet clean and no more old NPA's?

I have two folios of one physical share of Rs.10 each which have become five shares of Rs.2/. I cannot even demat because the demat costs will be much more for a lot of five shares. So, what to do about those physical shares?

Thank you very much and all the best for the future. Today there are many meetings, but still I left all the meetings and attended your meeting.

4. Mr. Ramesh Shankar Bhola - Not available

5. Mr. Sunil Manaker Kothari

Sir after long time, I am able to speak to you. Great and proud to being since long, I met you once only and fortunate to have attended AGM also some in the past. I don't have any question. But just always I try to convey that. I think going towards a higher growth like Bajaj and it seems your confidence your message in the annual report. I'm very sure and hopeful that we will be also matching the growth rate of some companies like Bajaj. I don't have any questions, just wanted to convey my thanks and offer you becoming a chairman at CG power, the way you are getting the trust of industry community is unmatched. So just wanted to congratulate and wish you good luck, sir. Thanks a lot.

Chairman answered all the questions raised by the shareholders.

END OF QUESTION AND ANSWER SESSION

The members who have not cast their vote may now cast their vote. The e voting system will continue to be active until 15 minutes from the closure of this meeting. Mr. R Sridharan, scrutinizer will submit a report to the company after consolidating remote e-voting and voting at the AGM. I request to scrutinizer for an orderly conduct of the voting. The result will shall be declared along with the scrutinizers report and shall be placed in the website of the company [www.cholamandalam.com](http://www.cholamandalam.com) and on the website of KFin before 5 p.m. on 30<sup>th</sup> July, 2022, and communicated to the stock exchanges, which will be available on their websites.

As there is no other business to be transacted, I declare the meeting as closed. I thank you for the cooperation and ensuring a smooth conduct of the meeting.

Stay safe and see you next year. I also thank KFin for moderating the meeting. Thank you.

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